

**SECRET**

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25X1 5. [ ] In addition to the CIA/IRS arrangements which were discussed with Chairman Mills, of the House Ways and Means Committee, Mr. Mills himself raised the item left over from last year dealing with exemption from taxation of disability annuities payable under the CIA Retirement Act. I indicated that all we wished was an exemption similar to the Foreign Service as we had patterned our act after the Foreign Service. Mr. Mills said he would be happy to go into this indicating that we should prepare appropriate details and forward to him. I said I would work with the Committee Counsel on this.

25X1 6. [ ] Talked with Chairman Rivers advising him of the discussion we had yesterday with Chairman Mills on the IRS/CIA arrangement for reporting and paying taxes on covert income. Mr. Blandford was also present.

Later I briefed Mr. Blandford further on the ChiCom nuclear explosion as a follow up on our meeting of 11 May with the Subcommittee.

25X1 7. [ ] Senator Henry M. Jackson called stating he would like to have picked up from Dorothy Fosdick a letter from an individual [ ]. He stated that Miss Fosdick could give us further details but he wanted us to know that he regarded the individual as reliable and thought possibly this matter should be brought to the Director's attention. I thanked the Senator for his interest.

25X1 8. [ ] The Director, accompanied by Messrs. Cline and Warner, met with the CIA Subcommittee of House Appropriations. See Memorandum for the Record.

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